



LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION

MAHESH PAREKH
President

MICHAEL A. JIMENEZ
Vice President

ROBERT E. BUSH
Secretary – Treasurer

BONDIE O. GAMBRELL
Director

VACANT
Director

MINUTES **FEBRUARY 7, 2008 MEETING**

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 372
Los Angeles, CA 90012

TO ORDER/ROLLCALL

President Parekh called the meeting to order at 9:15 a.m. and the Assistant Secretary called the roll. The following Board Members were present, constituting a quorum:

PRESENT

Mahesh Parekh, President
Michael Jimenez, Vice President
Robert Bush, Secretary – Treasurer
Arturo Sneider, Director

ABSENT

Bondie Gambrell, Director

APPROVAL OF FEBRUARY 7, 2008 MINUTES

On motion of Director Bush, seconded by Director Jimenez, the Corporation approved the February 7, 2008 meeting minutes, with Director Sneider stating that due to this being his first meeting as a Director he would abstain from the vote.

DESIGNATION OF NEW ASSISTANT SECRETARY

Lee Millen, Assistant Secretary, reported that due to Commission Services staff reorganization, Mr. George Britton will replace him as the new Assistant Secretary of the LAC-CAL Board. Mr. Millen informed the Committee that Mr. Britton will have the authority to sign any documents relating to the LAC-CAL Committee.

On motion of Secretary-Treasurer Bush, and seconded by Vice President Jimenez and unanimously carried, the Corporation elected George Britton as Assistant Secretary.

APPROVED ACTION TO FILL VACANCIES ON LAC-CAL BOARD

The First and Second Districts continues to have a vacancy on the LAC-CAL Board. Therefore, Director Bush requested staff to contact Jan Takata from the CEO's Office requesting a First District appointment. President Mahesh Parekh directed staff to send a letter to the First District requesting a representative to the Board.

LAC-CAL EQUIPMENT PROGRAM FINANCING

Douglas Baron, Treasurer and Tax Collector, reported that every two to three years the LAC-CAL Equipment Program issues lease revenue bonds to remove or redeem existing bond anticipation notes which finance large equipment purchases throughout County departments. Recently the LAC-CAL Equipment Program purchased approximately \$35 million of equipment. The primary users of the programs are the Sheriff's Department, Internal Services Department (ISD) and Health Services. The largest items purchased were computer networks used by ISD, and the purchase of more than 200 Sheriff's vehicles and a power boat. Because of the structure of the Bond Anticipation Notes (BAN's), which secured the initial purchases, lease revenue bonds are due every two to three years. One series of existing BAN's currently outstanding that were issued June 1, 2006 will mature by December 1, 2010 for the issuance of under \$30 million. The current issuance would be \$24-\$25 million. Glenn Byers, Treasurer and Tax Collector, explained that the bond issuance will reflect a maximum amortization period of five years in order not to exceed the useful life of the equipment. The recommended structure for the Bonds is a fixed-rated issuance with a maximum true interest cost not to exceed 6.0%.

RESOLUTION TO BE ADOPTED BY THE LAC-CAL BOARD

John Wong, Treasurer and Tax Collector, requested the LAC-CAL Corporation adopt the resolution authorizing the issuance not to exceed \$30 million dollars in Bonds in order to redeem an outstanding balance of \$40 million in BAN's. Mr. Wong explained two sources of funds that will contribute to redeeming the BAN's. One source is the Lease Revenue that has been collected from County departments who made purchases through the current program. The second source of funds is from the unspent BAN's balance. Currently there are \$40 million outstanding in BAN's. The LAC-CAL Equipment Program purchased \$35.5 million of equipment, leaving \$4.5 million cash available. Adding the \$10.9 million lease revenue and estimating an issuance amount of \$25 million of Bonds will total approximately \$40 million in funds. This will give us the capability to redeem the BAN's and pay for any cost associated with this financing. The Bonds will be sold in a competitive deal on March 4, 2008 through PARITY, an internet bidding platform. To assist with the sale of the Bonds, the County has selected Lamont Financial Services Corporation to provide financial advisory services for this transaction. There were two criteria set, one that the interest rate not exceed 6.0% and the second that no Bonds will mature in more than five years. This will be beneficial in reducing the cost of financing.

On motion of Secretary-Director Bush, seconded by Director Jimenez and unanimously carried, the Corporation unanimously approved the authorization to issue lease revenue Bonds in an aggregate principal amount not to exceed \$30 million (LAC-CAL) Equipment Program.

UPDATE ON LAC-CAL COMMERCIAL PAPER PROGRAM AND LAC+CAL MEDICAL CENTER

Douglas Baron, Treasurer and Tax Collector's Office, provided an update on the \$75 million outstanding, of which approximately \$45 million is being applied to the LAC+USC Medical Center due to delays on FEMA grant moneys. Additional financing money was needed to complete the project. A portion of this money was used to pay prior contractual obligations and the remaining amount was used for finishing touches to the Medical Center. Inpatient occupancy of the Medical Center is anticipated to happen in the fall of 2008.

The remaining amount of commercial paper program is being expended on Health Services' projects including various seismic upgrades to various hospitals throughout the County. Currently \$20 million is being used at Harbor-UCLA Medical Center. LAC-CAL Equipment Program has \$20-\$30 million additional authorization available for Fiscal Year 2007-2008. We expect to receive greater authorization for Fiscal Year 2008-2009. Douglas Baron requested to convene another meeting of the LAC-CAL Board in the next month or two to change collateral for the Commercial Paper Program. There is an outstanding authorization of \$335 million which may, in the future, be upsized to a larger amount with collateral value of more than \$1 billion. The Medical Center has a lot of additional capacity available. Currently, the program is secured by 19 different County facilities, 10 of which are County courthouses. There is a need to remove the courthouses from the program in order to transfer operation of ownership to the State of California. However, this will require the approval of new leases. The CEO would like to expedite the transfer of ownership within two months. The LAC-CAL Corporation concluded to meet March 26, 2008 at 9:30 a.m., at LAC+USC Medical Center location. In addition, Douglas Baron reported that Lilibeth Salazar is replacing John Patterson who left County service.

PUBLIC COMMENT

There was none.

ADDITIONAL MATTERS NOT POSTED ON THE AGENDA (TO BE PRESENTED AND PLACED ON A FUTURE AGENDA)

There were none.

ADJOURNMENT

The meeting was adjourned at 10:33 a.m.

ATTENDANCE

Glenn Byers, Treasurer & Tax Collector
Douglas Baron, Treasurer & Tax Collector
Sandy Yoshima, Auditor-Controller

Kam W. Wong, Auditor-Controller
John Wong, Treasurer & Tax Collector
Lilibeth Salazar, Treasurer & Tax Collector
Cammy DuPont, County Counsel
Lee Millen, Commission Services, Board of Supervisors
George Britton, Commission Services, Board of Supervisors
Miyera Rivera, Commission Services, Board of Supervisors